MEDICARE COST APPLICATION FOR SERVICE AREA EXPANSIONS

MICROSOFT WORD FOR WINDOWS

MEDICARE COST CONTRACT/SERVICE AREA EXPANSION APPLICATION

INTRODUCTION

PREPARATION OF THE APPLICATION

This computer-assisted format is for IBM compatible personal computers using Microsoft Word for Windows and Excel.

WHO SHOULD USE THIS APPLICATION

An organization that wants to expand its Medicare cost-based contract with the Health Care Financing Administration (HCFA) under Section 1876 of the Social Security Act, as amended by the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) and subsequent legislation.

REFERENCE MATERIALS

Information requested in this application is based on Section 1876 of Title XVIII of the Social Security Act and the applicable regulations and Title XIII of the Public Health Services Act and the applicable regulations. Additional information can be found on the HCFA Web site: http://www.hcfa.gov/medicare/mgdcar1.htm

GENERAL INSTRUCTIONS

To clarify any question, refer to the regulation upon which it is based. A regulatory citation is provided after each question. Section 1876 of the Social Security Act should be examined as well.

A completed application includes (items with an asterisk will be performed automatically in the computerized application):

1. Cover Sheet with the appropriate signatures
2. Table of Contents for the Narrative section*
3. Table of Contents for Documents section
4. Narrative section, with each question copied* and brief and precise answers, divided into chapters

5. Documents section, arranged by chapters; this section should follow the Narrative. Materials such as marketing brochures and booklets should be inserted in envelopes in the appropriate places in the application. The envelope should be numbered as a single page.

Number all pages consecutively from the Narrative through the entire Documentation section. Use a page number when referring to any document. If pages must be inserted after numbering has been completed, additional pages may be noted by A, B, C, etc.

There must be evidence of arrangements for basic health services in the requested service area at the time the application is submitted. Evidence may be the explicit inclusion of service to Medicare members and/or specific payment arrangements for services to Medicare members in provider contracts.

TABLES: Within the application, you will be directed to place tables in specific places within the Narrative chapters. You may insert the tables at the end of each chapter.

PRINTING AND BINDING: Tabs should be inserted for each chapter of the Narrative and Documents sections. Each copy should be put in three-ring looseleaf binders.

NUMBER OF COPIES:

Send 3 hard copies of your application and 2 diskette copies to the address below.
Include 1 diskette copy of the cost budget, and include a hard copy in the Financial Documents section of the application.

Health Care Financing Administration
CHPP/MMCG
C4-23-07
7500 Security Boulevard
Baltimore, Maryland 21244-1850

Also, send two hard copies of the application to the appropriate regional office.

ASSISTANCE: Assistance is available to all applicants in the preparation of this application from the HCFA staff.

The appropriate HCFA regional office will provide assistance relating to health services delivery and Medicare sections. In addition, HCFA Central Office staff will provide assistance regarding Organizational matters, Contracts, Financial matters and Cost Budgets.

HCFA REGIONAL MEDICARE HMO COORDINATORS

RO I	JOHN F. KENNEDY FEDERAL BUILDING, ROOM 2375, BOSTON, MA 02203 TELEPHONE: 617-565-1267 STATES: CONNECTICUT, MAINE, MASSACHUSETTS, NEW HAMPSHIRE, RHODE ISLAND, VERMONT
RO II	26 FEDERAL PLAZA, ROOM 3800, NEW YORK, NY 10278 TELEPHONE: 212-264-3661 STATES: NEW JERSEY, NEW YORK, PUERTO RICO, VIRGIN ISLANDS

RO III	PUBLIC LEDGER BUILDING, SUITE 216, 150 S. INDEPENDENCE MALL WEST, PHILADELPHIA PA 19106-3499 TELEPHONE: 215-816-4158 STATES: DELAWARE, DISTRICT OF COLUMBIA, MARYLAND, PENNSYLVANIA, VIRGINIA, WEST VIRGINIA
RO IV	ATLANTA FEDERAL CENTER, 61 FORSYTH ST., SW, SUITE 4T20, ATLANTA, GA 30303-8909 TELEPHONE: 404-562-7362 STATES: ALABAMA, FLORIDA, GEORGIA, KENTUCKY, MISSISSIPPI, NORTH CAROLINA, SOUTH CAROLINA, TENNESSEE
RO V	105 WEST ADAMS 15th FL., CHICAGO, IL 60603-6201 TELEPHONE: 312-353-5737 STATES: ILLINOIS, INDIANA, MICHIGAN, MINNESOTA, OHIO, WISCONSIN
RO VI	1301 YOUNG STREET, Room 833, DALLAS, TX 75202 TELEPHONE: 214-767-4471 STATES: ARKANSAS, LOUISIANA, OKLAHOMA, NEW MEXICO, TEXAS
RO VII	NEW FEDERAL OFFICE BUILDING, 601 EAST 12th ST., ROOM 235, KANSAS CITY, MO, 64106 TELEPHONE: 816-426-5783 STATES: IOWA, KANSAS, MISSOURI, NEBRASKA
RO VIII	FEDERAL OFFICE BUILDING, 1600 BROADWAY, SUITE 700, DENVER, CO 80202 TELEPHONE: 303-844-7056 STATES: COLORADO, MONTANA, NORTH DAKOTA, SOUTH DAKOTA, UTAH, WYOMING
RO IX	Health Plan and Provider Operations, 75 HAWTHORNE STREET #401, SAN FRANCISCO, CA 94105-3901 TELEPHONE: 415-744-36 21 STATES: ARIZONA, CALIFORNIA, GUAM, HAWAII, NEVADA, SAMOA
RO X	2201 6th AVENUE, BLANCHARD BUILDING, RX-47, SEATTLE, WA 98121 TELEPHONE: 206-615-2371 STATES: ALASKA, IDAHO, OREGON, WASHINGTON

PUBLIC REPORTING BURDEN: According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection of 0938-0470. The time required to complete this information collection is estimated to average 100 hours per response, including the time to review instructions, searching existing data resources, gather the data needed, and complete and review the information collection. If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: HCFA, P.O. Box 26684, Baltimore, Maryland 21207 and to the Office of the Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503.

TECHNICAL INSTRUCTIONS

COMPLETION OF THE APPLICATION:

The files supplied are Word documents or Excel spreadsheets.

To produce your responses in the Narrative chapters, simply position the cursor at the appropriate point for answering the question, and type in the answer. The rest of the application will "bump down" as you type, providing you as much space as needed.

Tables are provided as separate files and should be filled in at their separate location. (See Table Management below.)

Be sure to resave the document frequently as you progress.

TABLE MANAGEMENT: Most tables direct that a separate table be submitted for each regional component or service area. If you need copies of a table, you should create multiple blank tables within the same file, being sure to place a hard page break between each table. Identify each table by county, regional component or service area. Save the entire file, now containing two or more tables, with the original file name.
Repeat this process each time you need multiple tables within a single file.

Submit both the diskette and hard copies as directed in the general instructions. Please clearly label the diskette with the plan name, date, and type of application.

THE APPLICATION FORM FOLLOWS THIS PAGE

DO NOT SUBMIT THE PREVIOUS PAGES
IN THE PRINTED COPY OF YOUR APPLICATION

HCFA - 901-2 OMB No. 0938-0470

MEDICARE COST CONTRACT EXPANSION APPLICATION

NAME OF LEGAL ENTITY TRADE NAME (if different)	MAILING ADDRESS
INDIVIDUAL EXECUTING (name and title)	AREA CODE TELEPHONE NO. EXTENSION

CEO OR EXECUTIVE DIRECTOR, (if different from above individual)

NAME AND TITLE TELEPHONE NUMBER	MAILING ADDRESS
BOARD CHAIRMAN - NAME AND ADDRESS	FEDERAL TAX STATUS For profit____ Not for profit____

I certify that all information and statements made in this application are true, complete, and current to the best of my knowledge and belief and are made in good faith.

Signature, Executive Director Date

Signature, Board Chairman Date

NARRATIVE SECTION
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For computerized application users: To add the page numbers for the Documents table of contents, place cursor at the end of each line (using the End key) and type in the page number. Do not press ENTER, just place the cursor at the end of the next line for the next page entry.

GENERAL INFORMATION

I. SUMMARY DESCRIPTION Complete the summary description table.

Note: This table is the file named SUMMARY.DOC

. Briefly describe the Organization in terms of its history and its present operations. Cite significant aspects of its current financial, marketing, general management, and health services delivery activities. (Do not include information requested in the Legal Entity section.)

II. LIST OF BOARD OF DIRECTORS - 417.412, 417.486

Name	Title	Representation

III. KEY MANAGEMENT STAFF - 417.412, 417.486

A. Indicate the individuals responsible for the key management functions.

Note: This table is the file named STAFF.DOC

B. In the Documents section, provide brief position descriptions and resumes for the individuals listed above.

IV. GEOGRAPHIC AREA - 417.414(b)

Clearly describe the requested area in terms of geographic subdivisions such as counties, cities or townships. If not a full county, zip codes must be provided. Provide a detailed map (with a scale) of the complete geographic area clearly showing the boundaries, main traffic arteries, any physical barriers such as mountains and rivers. Show location of health plan ambulatory and hospital providers which serve Medicare and commercial members. Show on map the mean travel time from six points on the geographic area boundary to the nearest ambulatory and institutional services site.

ORGANIZATIONAL AND CONTRACTUAL

I. LEGAL ENTITY - 417.407(b) (For expansion, only describe changes since initial application)

A. If the health plan does business as (d.b.a.) a name or names different from the name shown on its Articles of Incorporation, provide such name(s) and include a copy of State approval for the d.b.a.(s) in the Documents section. Provide the name the plan will use to market its Medicare product.

B. For expansions: Describe any changes in the legal or Federal tax status of the plan entity since Federal approval, including mergers, reorganizations, and changes of ownership. Be specific as to dates and parties involved, providing appropriate documentation as necessary.

Describe any changes in the basic organizational structure since Federal approval, such as any changes in the corporate charter, the bylaws, or membership of the Board of Directors. Provide appropriate documentation as necessary.

II. STATE AUTHORITY TO OPERATE - 417.407(a)

A. List names, addresses, and telephone numbers of appropriate State regulatory officials who have authority over the health plan.

B. Does the health plan have a license or certificate to operate in the expanded area? If the plan is located in a jurisdiction that does not require a license or certificate, describe the legal environment for the health plan and include in the Documents section an opinion by legal counsel that the plan meets all applicable State legal requirements.

Describe the State's jurisdiction over the Organization's Medicare activities and the Organization's compliance with any requirement.

C. If required by State law, indicate whether marketing representatives or agents have been licensed or are regulated by the State(s) in which the proposed service area is located.

III. ORGANIZATION CHARTS - 417.407(c), 417.412

Provide two separate charts, as follows:

A. The health plan itself: Show detailed lines of authority, including the relationships among the Board of Directors, the Administrator of the plan, and the medical/health services delivery component. Include titles and names of incumbents. If plan is a line of business of a corporation, describe that relationship. For expansions, show how the organizational structure in the proposed area will relate to existing administrative structure of the health plan.

B. Contractual Relationships: If applicable, indicate current contractual relationships between the plan and contractors for health services, administrative, management, and marketing services.

IV. FULL FINANCIAL RISK - 417.407(c)(4)

State whether and how the health plan limits or proposes to limit its financial risk for commercial and Medicare populations.

A. Describe any risk sharing with providers or any other parties. Reference, by application page number, the applicable sections of provider contracts that are included in the Documents section of this submission.

   Disclosure of physician incentive plans (PIP) is required by 42 CFR 417.479. Guidance and forms for PIP disclosure are part of the material that accompanied the application form. Include the completed forms in the Documents section.

   For expansions: Describe risk sharing and provide PIP disclosure only for the new providers in the expanded areas.

B. Describe any reinsurance coverage. Reference the applicable pages in the Documents.

C. Legal-1 Table is a summary of insurance or other arrangements for major types of loss and liability. Fill in the table to indicate the types of arrangements in effect or to be in effect for the proposed area when qualified. [This table is placed at the end of this chapter.]

V. CONTRACTS FOR MANAGEMENT SERVICES - 417.412

A. Using the management services table, indicate the categories of services obtained through contractual arrangements and the status of the contract(s).

Note: This table is the file named MGMTSVCS.DOC

B. Include a copy of each contract in Documents section. Specify whether any are specific to Medicare.

VI. PROVIDER CONTRACTS AND AGREEMENTS - 417.407(c)(3), 417.416

For purposes of completing this application, the term "provider" is defined as physicians, inpatient institutions and other ancillary practitioners. Provide information for both commercial and Medicare, as appropriate.

Note: There must be evidence of arrangements for basic health services in the requested service area at the time the application is submitted. Evidence may be the explicit inclusion of service to Medicare members and/or specific payment arrangements for services to Medicare members in provider contracts.

A. Where applicable, provide the names of each IPA and/or medical group that is or will be providing services in each proposed area. State the type of legal entity of these organizations. Provide information for both commercial and Medicare.

B. Complete Legal-2 table, "Provider Arrangements," for each proposed area to show the provider agreements. If any agreements are not yet executed, indicate date execution is expected. [This table is placed at the end of this chapter.]

C. Provide in Documents section a copy of each executed contract between health plan and medical group(s) and IPA(s). If there are multiple groups or IPAs, and the agreement forms are essentially the same for each, submit a specimen copy only and all executed signature pages. **However, if there are more than 15 signature pages, list the providers who have signed the contracts with the dates of execution instead of sending copies of the pages.**

D. For provider contracts and agreements other than HMO-Group(s) or HMO-IPA(s), include specimen copies in the Documents section of each category of provider listed in Legal-2 Table. For each specimen agreement, **include a list of providers who have signed the contracts, with the dates of execution.**

Be sure to include a specimen copy of the agreement between the IPA and its providers, the medical group and its contracting providers, or the Plan and its directly contracting physicians. (The staff or medical group employment contract with its

physicians is not necessary.) For each specimen contract, **list the providers who have signed the contracts, with the dates of execution.**

VII. COMMERCIAL BENEFITS - 417.407

Provide in Documents section a summary of the benefits for the commercial enrollees.

VIII. LEGAL ACTIONS - 417.412, 417.486

ON-SITE DOCUMENTATION

If there are any, or have been legal actions against the applicant, give a brief explanation And status of each action.

Have the following available for inspection at the site visit:

1. Articles of Incorporation, and other legal entity documentation
2. State license
3. Evidence of marketing licenses or approvals
4. Executed physician, hospital, and other provider contracts for commercial and Medicare
5. Board and committee meeting minutes
6. Policy and procedures manuals
7. Bylaws for affiliated providers

NOTE: Insurance and Provider Arrangements tables are to be inserted into the Narrative section at this point. For computerized application users: these tables are the files named LEGAL-1.TBL AND LEGAL-2.TBL. Complete them in their separate file locations of the disk, however, do not retrieve them into the application at this time. When the application is completed, these subdocuments will be printed in this section.

HEALTH SERVICES DELIVERY

Note: Complete Health Services Delivery tables for each proposed service area. You may substitute preprinted material or computer lists if the same information is given.

I. HEALTH CARE PROVIDERS - Physician Services, Hospital Admitting Privileges - 417.414, 417.416

A. Describe how health care services will be provided for both Medicare and commercial members, i.e., through staff, medical group, and/or IPA, direct contract, or combination.

B. Complete HSD-1 Table, Summary of FTE Physicians by Specialty.

C. Complete HSD-2 Table, Provider List - Practitioners.

II. LOCATIONS OF HEALTH SERVICES PROVIDERS - 417.414, 417.416

A. Complete HSD-3 Table, Ambulatory Sites.

B. Complete HSD-4 Table, Hospitals, Other.

III. MEDICARE HEALTH BENEFITS - 417.414(b)

A. Complete HSD-7 Table, Arrangements for Medicare Required Services. If any required health service is not available, please explain.

B. Medicare Materials - 417.428 Provide copies of the following in the Documents section:

- Subscriber agreement/Evidence of coverage
- Member handbook
- Application form
- Disenrollment form
- Membership card
- Brochures/Advertising materials
- Radio/TV scripts
- Enrollment and disenrollment letters
- Provider lists
- Claims payment/denial notices
- Correspondence relating to grievances/appeals
- Authorization/referral forms
- Materials prepared by contracting IPAs and Groups

Draft copies or mark-ups should be submitted because HCFA review and approval are required before use.

C. Member Grievance Procedure - 417.436(a)(2) Explain the member grievance procedure and how this will be available to Medicare.

D. Medicare Reconsideration Appeals-Hearings - 417.604-417.638 Explain the Medicare reconsideration and appeals procedures, including when these procedures will be applied in place of the member grievance procedure. Provide a copy of these procedures in the Documents section.

E. Describe your procedures for processing and paying claims for services provided to Medicare members for out-of-plan emergency and out-of-area urgently needed care.

F. Patient Self-Determination Amendments - Explain the plan's process of providing information regarding advance directives at the time of a member's enrollment. Provide forms in the Documents section.

G. Working Aged Enrollees - Describe the systems, policies and procedures for identifying and reporting its working aged enrollees.

IV. UTILIZATION CONTROL PRACTICES - 417.412(b)(1)

A. Describe procedures for Medicare and commercial members to monitor utilization, control costs and achieve utilization goals for the following:

1. In-plan and out-of-plan physician services
2. Laboratory services
3. X-ray services
4. Hospital services, including admitting practices and length of stay
5. Out-of-area hospital services

B. Detail current experience and projected assumptions for hospital utilization and ambulatory visits for both Medicare and non-Medicare enrollees. Give the current community hospitalization rate for Medicare and for non-Medicare. (Provide name of source and the date of information).

V. EMERGENCY AND URGENTLY NEEDED CARE - 417.416(e), 417.420(c)(2), 417.436

How does the health plan assure that emergency and urgently needed health services are provided and what procedures are members instructed to follow to secure services?

VI. AVAILABILITY, ACCESSIBILITY AND CONTINUITY OF SERVICES - 417.414(b), 417.416(e)

A. What are the hours of operation at locations where health care services are provided?

B. How does the plan assure continuity of care for all health care services it provides to members?

C. Describe procedures for handling members who leave the service area for more than 90 days and whether Medicare beneficiaries will be permitted to go to affiliates.

D. Describe the health plan's record keeping system through which pertinent information relating to health care of enrollees is accumulated and is readily available to appropriate professionals.

VII. QUALITY ASSURANCE - 417.418

Discuss the Organization's quality assurance program in its approved operations. Include: organizational arrangements and specific program activities; results over the last year; and the relationship between the expanded area and the current service area.

ON-SITE DOCUMENTATION

Have the following available for inspection at the site visit:

1. Authorization/Referral forms for commercial and Medicare, if different.
2. Encounter forms
3. Policy manual of procedures for health professionals
4. The CMP's quality assurance program and implementation plan
5. Minutes of Utilization Review and Quality Assurance Committees
6. Evidence that institutional providers are certified under Titles XVIII or XIX of the Social Security Act

NOTE: Health services delivery tables are inserted into the Narrative section at this point. For computerized application users: these tables are the files named HSD-1.TBL to HSD-8.TBL. [HSD-5.TBL and HSD-6.TBL are not required for this application.] Complete them in their separate file locations of the disk, however, do not retrieve them into the application at this time. When the application is completed, these subdocuments will be printed in this section.

FINANCIAL

I. FISCAL SOUNDNESS - 417.120(a)(1)*

A. Provide independently certified audited financial statements in the Documents section.

You must provide audited statements for the three most recent fiscal year periods or, if operational for a shorter period of time, for each of those fiscal years. If the health plan is a line of business of the applicant, it should provide audited statements relating to the legal entity. Audits are to include:

1. Opinion of a certified public accountant
2. Statement of revenues and expenses
3. Balance sheet
4. Statement of cash flows
5. Explanatory notes
6. Management letters
7. Statements of changes in net worth

B. Provide in the Documents section a copy of the most recent unaudited financial statements of the entity.

C. Provide in the Documents section independently certified audited financial statements of guarantors, and lenders (organizations providing loans, letters of credit or other similar financing arrangements, excluding banks).

D. If the entity is a public corporation or subsidiary of a public corporation, provide the most recent Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, Form 10-K in the Documents section.

E. If the entity has raised capital through public offerings within the last 3 years or anticipates a public offering, provide a copy of the prospectus in the Documents section.

II. FINANCIAL PLAN - 417.120(a)(1)*

A. Special exception: **Applicants who meet the special conditions below need not provide financial projections. All other parts of the financial section are required.**

The entity must meet all five of the following conditions.

1. Has operated as a prepaid health services plan for at least 3 years
2. Has a positive net worth as established by generally accepted accounting principles
3. Has earned a net operating surplus or profit (after taxes) during the plan's most recent fiscal year period
4. Has sustained a cumulative net operating surplus at the end of the 3 most recent fiscal years

5. Demonstrated with audited financial statements that conditions 2. through 4. are met.

B. FINANCIAL PROJECTIONS

If the entity does not meet the exception in Part A, you must provide projections which evidence how fiscal soundness will be achieved or maintained.

Describe financing arrangements and include all documents supporting these arrangements for any projected deficits in the Documents section. **Note: there must be evidence of financing arrangements for the projected deficit.**

Health plans should provide actual data (but not necessarily audited statements) from the date of the latest annual audit.

The plan must provide projections for a minimum of one year from the date of the latest submitted financial statement. Give projections from this date through one year beyond breakeven; if plan has reached breakeven, provide projections from this date until one year from anticipated date of execution of contract.

Financial projections should be prepared using the accrual method of accounting in conformity with generally accepted accounting principles. Projections are to be part of the Financial Documents section and must include the following:

1. Quarterly balance sheets for the applicant, using the Report #1 format (FINRPT#1.XLS).

2. Quarterly statements of revenues and expenses for the legal entity, using Financial Report #2 format (FINRPT#2.XLS). In cases where the plan is a line of business, the applicant should also complete a statement of revenue and expenses for the line-of-business. Give projections in gross dollars as well as on a per member per month basis. Quarters should be consistent with standard calendar year quarters. Include year end totals.

3. Quarterly Statements of Cash Flows, using the Financial Report #3 format (FINRPT#3.XLS)

4. Statement and Justification of Assumptions

   For each proposed service area, state major assumptions separately for Medicare, Medicaid and commercial members in sufficient detail to allow an independent financial analyst to reconstruct projected figures using only the stated assumptions. Include operating and capital budget breakdowns.

   Stated assumptions should address all periods for which projections are made and include inflation assumptions. Details of minor assumptions will be verified on site. Justify assumptions to the extent that a knowledgeable reviewer would

be convinced that they are reasonable. Base justification on such factors as the applicant's experience, the experience of other health plans. Describe hospital and health professional costs and utilization in detail.

For a line of business, financial assumptions need only be submitted to support the projections of the line.

Note: If an organization has a category of revenue and/or expense that is not included in the present definitions, provide an explanation.

III. PROVISIONS FOR THE EVENT OF INSOLVENCY - 417.122(a),(b)*

A. Describe provisions or planned provisions for commercial members and Medicare members in the event of insolvency:
   1. To pay for services for the duration of the contract period for which payment has been made.
   2. To pay for continuation of services until the time of discharge for members confined in an inpatient facility.
   3. To protect members from incurring liability for services provided before the plan's insolvency.

B. Provide all documents supporting these arrangements in the Documents section, including reinsurance/insolvency policies and any other proposed arrangements to cover uncovered expenditures. If applicable, include independently certified audited statements of any guarantor.

On the Uncovered Expenditures Calculation Work Sheet (INSOLV.XLS), calculate the health plan's uncovered health care expenses for a two month period, averaged for the year following anticipated approval. Insert the work sheet in the Financial Documents section.

Note 1: If provisions for A or B are provided in Documents section, reference, by application page number, the applicable sections of such documents.

Note 2: Refer to the Program Information Letter on insolvency protection.

IV. FOR MEDICARE CONTRACTING

A. Budget - 417.568, 417.570, 417.572 (Cost-based)

Submit a copy of the cost budget in the Documents section. Give assurances that the organization has adequate cost and statistical data, based on its financial and statistical records, that can be verified by qualified auditors. The cost data must be based on an approved method of cost finding and on the accrual method of accounting.

B. Medicare Secondary Payor

Describe the systems/procedures the organization will implement (1) under the Medicare Secondary Payor provisions and (2) to avoid duplicate payment of health care services.

V. ACCOUNTING FOR INCURRED BUT NOT REPORTED CLAIMS (IBNR)

Describe the method of accounting for claims incurred, but for which bills have not been received at the end of accounting periods.

VI. STATE FINANCIAL REQUIREMENTS - 417.122(a)

Describe the reserve requirements and other financial requirements set by the State in which the plan does or will operate and how the health plan meets these requirements. Include any supporting documentation in the Documents section.

VII. MANAGEMENT INFORMATION SYSTEM (MIS) - 417.412(b)(1)

Describe the use of the MIS for day-to-day management of the key plan functions as they apply to Medicare as well as long-term planning. Provide a list of key reports which include a brief description of each and indicates their distribution.

ON SITE DOCUMENTS

Have the following available for inspection at the site visit:

1. Management information system reports.
2. The most recent financial statements to update those submitted with the application, using the same format.
3. Actuarial analysis prepared by independent actuaries if used in developing the financial assumptions.

Note: The three financial reports and the insolvency worksheets are on separate Excel files. Complete the applicable reports and worksheets and insert them into the Documents section of the completed application.

MARKETING

If you are exempt from submitting financial projections under Financial II, you need to submit only the Medicare Marketing section of the Marketing chapter.

If you are not exempt from submitting the financial projections, complete both the Commercial and Medicare Marketing sections.

COMMERCIAL MARKETING

I. ENROLLMENT HISTORY - 417.407(f), 417.120(a)

Describe your enrollment history since the start of prepaid care. Discuss attainment of breakeven, if applicable. Include comparisons of actual enrollment to projected enrollment.

II. COMPETITION - 417.407(f), 417.120(a)

A. Describe existing health benefit coverage in the service area for commercial plans. Identify major competitors by name, current benefit and premium levels, and respective market share.

B. Identify the health plan's projected premium inflation rates and compare with expected trends within the competition.

III. ENROLLMENT PROJECTION ASSUMPTIONS - 417.407(f), 417.120(a)

Describe the assumption underlying the projections for each category of enrollment, anticipated penetration and rate of reenrollment and disenrollment.

Contract Distribution	Single_____ Double_____ Family_____
Average Family Size	
Average Contract Size	
PMPM Commercial Premium Revenue Yield	
PMPM Medicare Premium Revenue Yield	

IV. MARKETING STRATEGY - 417.120(a)

Describe briefly the marketing strategy for each major category of enrollment (e.g., group, non-group), including:
1. Overall approach in the marketplace
2. Sales approach
3. Advertising/promotion programs

4. Systems for managing inquiries and servicing members
5. Plans for community education and public relations
6. Contingency strategies
7. Marketing staffing

ON SITE DOCUMENTATION

Have the following available for inspection at the site visit:

1. Underwriting guidelines
2. Account files for groups included in the enrollment projections
3. A list of contact persons and telephone numbers for projected groups
4. Marketing budget
5. Comparison of the plan's benefits/premiums versus its competitor(s) for accounts enrolled/reenrolled within the 90 days prior to the site visit and any accounts scheduled for enrollment/reenrollment subsequent to the site visit, where available.
6. Enrollment projections for the proposed service area for each component. Use the Enrollment Projections Worksheet for quarterly projections with account specific information. Projections should begin with actual enrollment as of the date of the site visit through one year beyond the anticipated date of contract execution.

   Provide account-specific information for new groups; membership through reenrollment may be aggregated on a single line for each quarter. For non-group, Medicare and Medicaid projections, complete the appropriate columns as shown.

MEDICARE MARKETING

I. COMPETITION - 417.410(a)

Describe existing health benefit coverage in the service area for Medicare plans. Identify major competitors by name, current benefit and premium levels, and respective market share.

II. MARKETING STRATEGY - 417.410(a)

Describe briefly the marketing strategy for Medicare including:

1. Overall approach
2. Advertising/promotion strategy
3. Plans for community education and public relations
4. Marketing staffing
5. Marketing budget

III. TITLES XIII AND XIX ENROLLMENT - (417.410(a), 417.426)

A. Does the Plan currently offer a Medicare "wraparound" or supplement? If so, how will you assure no health screening of members transferring from wraparound to risk?

B. Does the plan have a Medicaid contract?

C. Describe your Organization's plans for conducting enrollment of Medicare beneficiaries. State the date the HMO expects to begin serving Medicare members and the proposed enrollment period in the expanded area.

Provide quarterly enrollment projections for Medicare, Medicaid (if applicable), and commercial membership in each requested contract area. Use the Enrollment Projections Worksheet to detail quarterly enrollment projections and have them available at the site visit.

Projections should begin with actual enrollment as of the date of the site visit through one year beyond anticipated date of contract execution.

The file named ENROLL.DOC should be filled out and a hard copy and disk copy should be available at the site visit.

DOCUMENTS SECTION

MANUALLY INSERT COMPLETED DOCUMENTS AS DIRECTED WITHIN THE NARRATIVE

THE FOLLOWING DOCUMENTS ARE THE FORMS ON THE APPLICATION DISKETTE THAT BELONG IN THIS SECTION

INSOLV.XLS	UNCOVERED EXPENDITURES
FINRPT-1.XLS	BALANCE SHEET
FINRPT-2.XLS	REVENUES AND EXPENSES
FINRPT-3.XLS	STATEMENT OF CHANGES